

# COUNTY OF LOS ANGELES

MARVIN J. SOUTHARD, D.S.W.  
*Director*

SUSAN KERR  
*Chief Deputy Director*

RODERICK SHANER, M.D.  
*Medical Director*



BOARD OF SUPERVISORS

GLORIA MOLINA  
YVONNE B. BURKE  
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## DEPARTMENT OF MENTAL HEALTH

<http://dmh.lacounty.info>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601  
Fax: (213) 386-1297

April 20, 2006

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO EXISTING LEGAL ENTITY  
AGREEMENTS WITH MEDI-CAL LONG-TERM CARE PROVIDERS  
TO IMPLEMENT STATE-MANDATED RATE INCREASE  
FOR FISCAL YEAR 2005-2006  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and delegate authority to the Director of Mental Health or his designee to prepare, sign, and execute amendments to nine (9) Legal Entity (LE) Agreements with existing Institutions for Mental Disease (IMD) contractors, as listed in Attachment I and substantially similar in format to Attachment II, for Fiscal Year (FY) 2005-2006 only. These amendments will allow the Department of Mental Health (DMH) to comply with a directive issued by the California Department of Mental Health (CDMH) to all counties to increase the reimbursement rate of payment to Medi-Cal nursing facilities, which provide long-term care as IMDs to chronically and severely mentally ill adults who reside in long-term care facilities, by 6.5 percent for FY 2005-2006, retroactive to July 1, 2005. Financing for this mandated rate increase for FY 2005-2006 will be from existing resources included in DMH's FY 2005-2006 Adopted Budget.
2. Delegate authority to the Director of Mental Health or his designee to prepare, sign, and execute future amendments to the LE Agreements with IMD contractors, including annual State-mandated rate increase amendments, provided that:
  - 1) the County total payments to a contractor under each Agreement for each

*"To Enrich Lives Through Effective And Caring Service"*

applicable fiscal year shall not exceed an increase of 20 percent from the applicable revised per diem rates or Maximum Contract Amount (MCA); 2) any such increase shall be used to provide additional services or to reflect program and/or policy changes; 3) the Board of Supervisors has appropriated sufficient funds for all changes; 4) approval of County Counsel and the Chief Administrative Officer (CAO) or their designee is obtained prior to any such Amendment; 5) County and contractor may by written amendments reduce programs or services and revise the applicable per diem rates or MCA; and 6) the Director of Mental Health shall notify the Board of Supervisors of Agreement changes in writing within 30 days after execution of each Amendment.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

On January 25, 2006, CDMH issued its directive to counties (Attachment III) to initiate a rate increase for Medi-Cal nursing facilities by 6.5 percent annually, effective July 1, 2005, through June 30, 2008, and 4.7 percent annually, effective July 1, 2008, as authorized by the California Department of Health Services (CDHS). Pursuant to CDMH's directive, Board approval is required to initiate this annual rate increase, retroactive to July 1, 2005, to IMD contractors.

Submission of this Board letter at this time regarding a retroactive, State-mandated rate increase for Medi-Cal nursing facilities providing long-term care as IMDs is unavoidable and is attributed to the delayed notification of this rate change by CDMH to all counties.

### **Implementation of Strategic Plan Goals**

The recommended Board actions are consistent with the principles of the Countywide Strategic Plan's Programmatic Goal No. 7, "Health and Mental Health." Board approval will strengthen the access to long-term care facilities through the collaboration of government agencies and community-based facilities.

### **FISCAL IMPACT/FINANCING**

There is no increase in net County cost. DMH will utilize \$2.3 million of existing resources in the FY 2005-2006 Adopted Budget to finance the rate increase.

The IMD budget is managed by closely monitoring the use of IMD bed resources and the utilization of lower levels of care where appropriate. The current IMD budget was developed for 788 beds per day at the FY 2003-2004 CDHS established rate. However,

due to a decrease in the number of IMD beds countywide that are available to DMH, DMH has adjusted its projected usage, on average, to 758 beds per day.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

With the exception of Braswell Enterprises, Inc., which will be renewed as of FY 2006-2007, the remaining eight (8) LE contractors will be superseded with a revised contract format, effective FY 2006-2007. The Renewal and Supersession Board letters for FY 2006-2007 and ongoing will address the State-mandated rate increases (6.5 percent for FYs 2006-2007 through 2007-2008 and 4.7 percent for FY 2008-2009 and ongoing) for the IMD contractors for the term of their contract renewal or supersession.

Pursuant to Section 5902(e) of the Welfare and Institutions Code, as long as IMDs have county contracts and retain Nursing Facility Level B (formerly SNF) licensure and certification, they shall be reimbursed for basic services at the rate established by CDHS, in addition to the rate established for Special Treatment Programs (STP).

IMDs are State-licensed skilled nursing facilities that provide psychiatric care, psychosocial rehabilitation services, and STP geared to the needs of persons with chronic and debilitating mental illness. Generally, patients are admitted to IMDs from a higher level of care, and the average length of stay is six (6) to nine (9) months.

Services include, but are not limited to, psychiatric assessments, goal-oriented treatment plans, and general psychiatric services. STP patch services include, but are not limited to, therapeutic services which provide chronically mentally ill adults with self-help skills, behavioral adjustment, and interpersonal relationships.

In FY 2000-2001, DMH shifted its management of IMD bed resources from contracting for a specific number of beds with a MCA to contracting for established bed rates without a MCA. DMH has managed its IMD budget by closely monitoring the use of IMD bed resources and the utilization of lower levels of care, where appropriate, and purchasing IMD beds on an as needed basis. The deletion of the MCA from the LE Agreement with IMD providers has increased DMH's flexibility in managing bed resources in specific geographic areas and has allowed effective utilization of contractors who offer specialized services.

Clinical and administrative staff of DMH are assigned to supervise and administer agreements, evaluate programs to ensure quality services are being provided to clients, and ensure Agreement provisions and DMH policies are followed.

The Amendment format has been approved as to form by County Counsel. The proposed actions have been reviewed by the CAO and DMH's Financial Services and Emergency Outreach Bureau administrations.

### **CONTRACTING PROCESS**

On March 13, 2006, DMH notified the CAO of its intent to request Board approval of amendments with a retroactive effective date of July 1, 2005, to implement a State-mandated rate increase for IMD contractors. Upon your Board's approval, DMH will execute amendments to nine (9) existing LE agreements with long-term care IMD contractors as listed in Attachment I.

### **IMPACT ON CURRENT SERVICES**

Board approval will allow IMD contractors to maintain levels of mental health services provided to chronically and severely mentally ill adults residing in IMD facilities.

### **CONCLUSION**

The Department of Mental Health will need one (1) copy of the adopted Board actions. It is requested that the Executive Officer of the Board notifies the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684 when this document is available.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Marvin J. Southard".

Marvin J. Southard, D.S.W.  
Director of Mental Health

MJS:SK:TB:RK

Attachments (3)

c: Chief Administrative Officer  
County Counsel  
Chairperson, Mental Health Commission

**COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH**  
**Contracts Development and Administration Division**  
**LIST OF IMD CONTRACTORS' RATE INCREASE\***  
**FISCAL YEAR 2005-2006 ONLY**

LEGAL ENTITY CONTRACTOR**	SUP. DIST. (SITE)	CONTRACT NO.	IMD SERVICES	CURRENT IMD RATE	PROPOSED IMD RATE	SPECIAL TREATMENT PROGRAM (STP) PATCH	TOTAL REVISED RATE	DMH PATCH	TOTAL REIMBURSEMENT
AMADA Enterprises, Inc. dba View Heights Convalescent Hospital 12619 S. Avalon Boulevard Los Angeles, CA 90061	2	DMH-02095	IMD Basic Beds 60 & over	\$ 107.20	\$ 114.17	\$ 5.72	\$ 119.89	-	\$ 119.89
Elwood Streator, Administrator									
Braswell Enterprises, Inc. dba Olive Vista, Laurel Park, & Sierra Vista 2530 Arnold Drive, Suite 170 Martinez, CA 94553	1	DMH-02275	IMD Basic Beds 1-59 IMD Basic Beds 60 & over IMD Patched Beds MIO-Indigent MIO-Regular Patch for IMD with 05 (36)	\$ 107.06 \$ 107.20 \$ 107.20 \$ 107.20 \$ 107.20 \$ 119.60	\$ 114.02 \$ 114.17 \$ 114.17 \$ 114.17 \$ 114.17 \$ 127.37	\$ 5.72 \$ 5.72 \$ 5.72 \$ 5.72 \$ 5.72 \$ 5.72	\$ 119.74 \$ 119.89 \$ 119.89 \$ 119.89 \$ 119.89 \$ 133.09	- \$ 45.61 \$ 95.83 \$ 38.81 \$ 50.00	\$ 119.74 \$ 119.89 \$ 165.50 \$ 215.72 \$ 158.70 \$ 183.09
San Bernardino County Julie Campbell, Regional Manager									
Community Care Center, Inc. 2335 S. Mountain Avenue Duarte, CA 91010	5	DMH-02103	IMD Basic Beds 60 & over	\$ 107.20	\$ 114.17	\$ 5.72	\$ 119.89	-	\$ 119.89
Peter Bennett, Administrator									
Harbor View Adolescent Center dba Harbor View Center 2530 Arnold Drive, Suite 170 Martinez, CA 94553	4	DMH-02106	IMD Basic Beds 1-59 IMD Patched Beds	\$ 107.06 \$ 107.06	\$ 114.02 \$ 114.02	\$ 5.72 \$ 5.72	\$ 119.74 \$ 119.74	- \$ 198.42	\$ 119.74 \$ 318.16
Julie Campbell, Regional Manager									
Landmark Medical Services, Inc. dba Landmark Medical Center 2030 N. Garey Ave. Pomona, CA 91767	1	DMH-02108	IMD Basic Beds 60 & over	\$ 107.20	\$ 114.17	\$ 5.72	\$ 119.89	-	\$ 119.89
Rosemary C. Kilby, Administrator									

**COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH**  
**Contracts Development and Administration Division**  
**LIST OF IMD CONTRACTORS' RATE INCREASE\***  
**FISCAL YEAR 2005-2006 ONLY**

LEGAL ENTITY CONTRACTOR**	SUP. DIST. (SITE)	CONTRACT NO.	IMD SERVICES	CURRENT IMD RATE	PROPOSED IMD RATE	SPECIAL TREATMENT PROGRAM (STP) PATCH	TOTAL REVISED RATE	DMH PATCH	TOTAL REIMBURSEMENT
Meadowbrook Rehabilitation Center dba Meadowbrook Manor 2530 Arnold Drive, Suite 170 Martinez, CA 94553	2	DMH-02110	IMD Basic Beds 60 & over IMD Patched beds	\$ 107.20 \$ 107.20	\$ 114.17 \$ 114.17	\$ 5.72 \$ 5.72	\$ 119.89 \$ 119.89	- \$ 42.90	\$ 119.89 \$ 162.79
Julie Campbell, Regional Manager									
Penn Mar Therapeutic Center, Inc. dba San Gabriel Valley Convalescent Hospital 3938 Cogswell Road El Monte, CA 91732	1	DMH-02119	IMD Basic Beds 1-59	\$ 107.06	\$ 114.02	\$ 5.72	\$ 119.74	\$127.13	\$ 246.87
Mitchell Kantor, President									
Special Service for Groups 605 N. Olympic Blvd. Los Angeles, CA 90015	1	DMH-02360	***	\$ 107.20	\$ 114.17	\$ 5.72	\$ 119.89	\$ 66.33	\$ 186.22
Herbert Hatanaka, Executive Director									
Telecare Corporation, Inc. 1100 Marina Village Parkway, #1 Alameda, CA 94501	4	DMH-02125	IMD Basic Beds 60 & over MHRC	\$ 107.20 \$ 107.20	\$ 114.17 \$ 114.17	\$ 5.72 \$ 5.72	\$ 119.89 \$ 119.89	\$ 87.88 \$ 74.08	\$ 207.77 \$ 193.97
Marshall Langfeld, Vice President & CFO									

**NOTE:**

\* On January 25, 2006, the California Department of Mental Health (CDMH) issued a directive to all counties that effective July 1, 2005 through June 30, 2008, the rate for IMD providers licensed as Medi-Cal Skilled Nursing Facilities (SNF) shall be increased annually at a rate of 6.5%. After June 30, 2008, an annual rate increase has been approved at 4.7%, effective July 1, 2008.

\*\* SNF/IMD contractors, who provide services countywide, do not have an MCA, as IMD beds are paid by the day utilized within DMH's IMD budgeted allocation. With the exception of Braswell Enterprises, Inc., which will be renewed for FY 2006-2007, the remaining LE contractors will be superseded, effective FY 2006-2007. The State-mandated rate increases for the affected fiscal years will be addressed in the Renewal and Supersession Board letters for FY 2006-2007 and ongoing.

\*\*\* Special Service for Groups has no IMD beds, but the Contractor subcontracts with Telecare for IMD services.

MM:RK:KT:PP

**ATTACHMENT II**

CONTRACT NO. \_\_\_\_\_

AMENDMENT NO. \_\_\_\_

THIS AMENDMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2006, by and between the COUNTY OF LOS ANGELES (hereafter "County") and \_\_\_\_\_ (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated \_\_\_\_\_, identified as County Agreement No. \_\_\_\_\_, and any subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Year 2005-2006 only, County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, pursuant to a directive by the California Department of Mental Health (CDMH) dated January 25, 2006, reimbursement rates for Institutions for Mental Disease (IMD) that are required to be licensed and certified as skilled nursing facilities shall be increased by 6.5% annually over the rates in effect on July 31, 2004, effective July 1, 2005 through June 30, 2008; and

WHEREAS, for Fiscal Year 2005-2006, County and Contractor intend to amend Agreement to increase the rate for Medi-Cal long term care providers (formerly skilled nursing facilities (SNF) and Institutions for Mental Disease (IMD)), with 60 or more beds, from \$112.92 to \$119.89, effective July 1, 2005 through June 30, 2006. This new rate includes a 6.5% annual increase of the base rate of \$107.20 in effect on July 31, 2004 and Special Treatment Program (STP) patch rate of \$5.72, which remains the same per

client/per day; and

WHEREAS, for Fiscal Year 2005-2006, County and Contractor intend to amend Agreement to increase the rate for Medi-Cal long term care providers (formerly skilled nursing facilities (SNF) and Institutions for Mental Disease (IMD)), with 60 or more beds, located in San Bernardino County, from \$125.32 to \$133.09, effective July 1, 2005 through June 30, 2006. This new rate includes a 6.5% annual increase of the base rate of \$119.60 in effect on July 31, 2004 and STP patch rate of \$5.72, which remains the same per client/per day; and

WHEREAS, pursuant to CDMH's same directive of January 25, 2006, County and Contractor intend to amend Agreement to increase the rate for Medi-Cal long term care providers, which include Medi-Cal Nursing Facilities, Level B (formerly SNF and IMD), with 59 beds or less, from \$112.80 to \$119.74, effective July 1, 2005 through June 30, 2006. This new rate includes a 6.5% annual increase of the base rate of \$107.06 in effect on July 31, 2004 and the STP patch rate of \$5.72, which remains the same per client/per day; and

WHEREAS, for Fiscal Year 2005-2006, County and Contractor intend to amend Agreement to include the revised paragraphs on "Contractor Responsibility and Debarment;" and "Alteration of Terms;" and

WHEREAS, for Fiscal Year 2005-2006, County and Contractor intend to amend Agreement to add mandated contract language in regards to "Delegation and Assignment by Contractor" and "Contractor's Charitable Activities Compliance;" and

WHEREAS, effective July 1, 2005, County and Contractor intend to amend Agreement to revise the Financial Summary for Fiscal Year 2005-2006 to reflect the



State-mandated rate increase.

NOW, THEREFORE, County and Contractor agree that Agreement shall be amended only as follows:

1. Paragraph 27 (DELEGATION AND ASSIGNMENT BY CONTRACTOR) shall be deleted in its entirety and the following substituted therefor:

"27. DELEGATION AND ASSIGNMENT BY CONTRACTOR:

A. Contractor shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this paragraph, County consent shall require a written amendment to this Agreement, which is formally approved and executed by the parties. Any payments by County to any approved delegate or assignee on any claim under this Agreement shall be deductible, at County's sole discretion, against the claims which Contractor may have against County.

B. Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of this Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.

C. Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of this Agreement which may result in the termination of this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor."

2. Paragraph 39 (ALTERATION OF TERMS) shall be deleted in its entirety and the following substituted therefor:

"39. ALTERATION OF TERMS: No addition to, or alteration of, the terms of the body of this Agreement, or the Financial Summary or Service Exhibit(s) hereto, whether by written or oral understanding of the parties, their officers, employees or agents, shall be valid and effective unless made in the form of a written amendment to this Agreement which is formally approved and executed by the parties in the same manner as this Agreement.

The County's Board of Supervisors or Chief Administrative Officer or designee may require the addition and/or change of certain terms and conditions in the Agreement during the term of this Agreement. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Administrative Officer. To implement such orders, an Amendment to the Agreement shall be prepared and executed by the Contractor

and by the Director of Mental Health.”

3. Paragraph 52 (CONTRACTOR RESPONSIBILITY AND DEBARMENT) shall be deleted in its entirety and the following substituted therefor:

“52. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County’s policy to conduct business only with responsible contractors.

B. The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other Agreements which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Agreement, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County Agreements for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing Agreements the Contractor may have with the County.

C. The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of an Agreement with the County or a nonprofit corporation created by the County; (2) committed an act or omission which negatively reflects on the Contractor’s quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the

County, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or offense which indicates a lack of business integrity or business honesty; or (4) made or submitted a false claim against the County or any other public entity.

D. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Contractor has been debarred for a period longer than five years, that Contractor may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interest of the County.

H. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

I. The Contractor Hearing Board's proposed decision shall contain a

recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

J. These terms shall also apply to subcontractors of County Contractors.”

4. Paragraph 61 (CONTRACTOR’S CHARITABLE ACTIVITIES COMPLIANCE) shall be added to the Agreement:

“61. CONTRACTOR’S CHARITABLE ACTIVITIES COMPLIANCE:

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The “Nonprofit Integrity Act of 2004” (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Contractors to complete the certification in Attachment IX, the County seeks to ensure that all County contractors which receive or raise charitable contributions comply with California law in order to protect the County and its taxpayers. A Contractor which receives or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings or both. (County Code Chapter 2.202).”

5. Financial Summary for Fiscal Year 2005-2006 shall be deleted in its entirety and replaced with Financial Summary -\_\_ for Fiscal Year 2005-2006, attached hereto and incorporated herein by reference. All references in Agreement to Financial

Summary-\_\_ for Fiscal Year 2005-2006 shall be deemed amended to state  
"Financial Summary -\_\_ for Fiscal Year 2005-2006."

6. Attachment IX (Charitable Contributions Certification) shall be added to the Agreement.
7. Contractor shall provide services in accordance with Contractor's Fiscal Year \_\_\_\_\_ Negotiation Package for this Agreement and any addenda thereto approved in writing by Director.
8. Except as provided in this Agreement, all other terms and conditions of the Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by County's Director of Mental Health or his designee, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
MARVIN J. SOUTHARD, D.S.W.  
Director of Mental Health

\_\_\_\_\_  
CONTRACTOR  
By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT  
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By \_\_\_\_\_  
Chief, Contracts Development  
and Administration Division

PEP:IMD Rate Amend



Contractor Name:  
Legal Entity Number:  
Agreement Period:  
Fiscal Year:

DMH Legal Entity Agreement  
Attachment II Page 1 of 2  
The Financial Summary - \_\_\_\_  
Amendment No. \_\_\_\_

COLUMNS		1	2	3	Sum of 2 + 3 + 4 + 5 + 6 = 1		5	6
L I N E #	DESCRIPTION	MAXIMUM CONTRACT ALLOCATION TOTALS	LOCAL MHP NON MEDI-CAL	DCFS STOP	MAA and NON-EPSDT MEDI-CAL PROGRAMS	EPSDT MEDI-CAL PROGRAM	HEALTHY FAMILIES	
				SGF 70% County Local 30%	FFP 50% County Local 50%	FFP 50% SGF - EPSDT 40.87% County Local 9.13%	FFP 65% County Local 35%	
				Categorical Restricted CGF	Local Match share for claiming Certified Public Expenditure Categorically Restricted Local Funds** (see footnote)			
1	A. Contractual Limitation By Responsible Financial Party:							
2	CGF*	-		-	-	-	-	-
3	CGF - Psychiatric Emergency Services (PES)	-						
4	CGF - Flex Funds	-						
5	SAMHSA	-						
6	SAMHSA - Child Mental Health Initiative	-						
7	SAMHSA - Targeted Capacity Expansion	-						
8	PATH	-						
9	CalWORKs - Flex Fund	-						
10	CalWORKs - Mental Health Services (MHS)	-						
11	CalWORKs - Community Outreach Services (COS)	-						
12	CalWORKs - Homeless Families Project - Client Support Services	-						
13	CalWORKs - Homeless Families Project - MHS & Targeted Case Management	-						
14	CalWORKs - Homeless Families Project - COS	-						
15	GROW	-						
16	DCFS AB 1733/2994	-						
17	DCFS Family Preservation	-						
18	DCFS Star View Life Support, PHF	-						
19	DCFS Independent Living	-						
20	DCFS STOP (70%)	-		-				
21	DCFS Provisional Funding Uses (PFU) for Medical Hubs	-						
22	DCFS Medical Hubs - Start Up Costs	-						
23	DCFS Joint Assessment Program	-						
24	Schiff-Cardenas - M.H. Screening, Assessment, and Treatment (MHSAT)	-						
25	Schiff-Cardenas - Multi-Systemic Therapy Program (MST)	-						
26	AB 34/AB 2034	-						
27	ADPA AB 34/AB 2034 Housing	-						
28	DHS HIV/AIDS	-						
29	DHS Dual Diagnosis	-						
30	SB 90/IDEA (AB 3632 - SEP)	-						
31	Mental Health Services Act (MHSA) - Full Services Partnership	-						
32	Mental Health Services Act (MHSA)	-						
33	Medi-Cal, Healthy Families, or MAA FFP	-			-	-	-	-
34	SGF - EPSDT	-						
35	Maximum Contract Amount (A)	\$ -	-					
36	B. Third Party:							
37	Medicare	-						
38	Patient Fees	-						
39	Insurance	-						
40	Other	-						
41	Total Third Party (B)	-	-		-	-	-	-
42	GROSS PROGRAM BUDGET (A+B)	\$ -	-	-	-	-	-	-

**Footnote**

\* The Department is developing the parameters for authorizing the shift of CGF among the various programs identified in columns 2, 3, 4, 5, and 6. These parameters will be incorporated by a separate contract amendment during the year.

\*\* These Local Funds are restricted in compliance with specific statutory, regulatory, and contractual requirements and obligations that are conditions for Medi-Cal reimbursement of Short-Doyle Medi-Cal claims. California Code of Regulations Title 9, Division 1, Chapter 11, Subchapter 4, Article 1, paragraph 1840.112 MHP Claims Certification and Program Integrity and Federal Code of Regulations, Title 42, Section 438.608.

Contractor Name:  
Legal Entity No.:  
Agreement Period:  
Fiscal Year:

DMH Legal Entity Agreement  
Page 2 of 2  
The Rate Summary  
Amendment No.

MENTAL HEALTH SERVICES		Mode of Service	Service Function Code (SFC) Range	Provisional Rates Negotiated NR	Provisional Rates Cost Reimb. CR	Provider Numbers
<b>A. 24-HOUR SERVICES</b>						
Hospital Inpatient		05	10 - 18			
Hospital Administrative Day		05	19			
Psychiatric Health Facility (PHF)		05	20 - 29			
SNF Intensive		05	30 - 34			
IMD/STP Basic (No Patch)	Beds 1-59	05	35			
	Beds 60 & over	05	35			
Patch for IMD		05	36 - 39			
Mentally Ill Offenders	Indigent	05	36 - 39			
	Regular	05	36 - 39			
IMD - Like		05	36 - 39			
IMD (w/Patch) Sub-Acute (60 days)		05	38			
Adult Crisis Residential		05	40 - 49			
Residential Other		05	60 - 64			
Adult Residential		05	65 - 79			
Semi - Supervised Living		05	80 - 84			
Independent Living		05	85 - 89			
MH Rehab Centers		05	90 - 94			
<b>B. DAY SERVICES</b>						
Vocational Services		10	30 - 39			
Socialization		10	40 - 49			
SNF Augmentation		10	60 - 69			
Day Treatment Intensive: Half Day		10	81 - 84			
Day Treatment Intensive: Full Day		10	85 - 89			
Day Rehabilitative: Half Day		10	91 - 94			
Day Rehabilitative: Full Day		10	95 - 99			
<b>C. OUTPATIENT SERVICES</b>						
Targeted Case Management Services (TCMS), formerly Case Management Brokerage		15	01 - 09			
Mental Health Services		15	10 - 19/ 30 - 59			
Therapeutic Behavioral Services (TBS)		15	58			
Medication Support		15	60 - 69			
Crisis Intervention		15	70 - 79			
<b>D. OUTREACH SERVICES</b>						
Mental Health Promotion		45	10 - 19			
Community Client Services		45	20 - 29			
<b>E. SUPPORT SERVICES</b>						
Life Support/Board & Care		60	40 - 49			
Case Management Support		60	60 - 69			
Client Supportive Services (Cost Reimbursement)		60	64			
<b>F. Medi-Cal Administrative Activities (MAA)</b>						
MAA		55	01 - 35			

**CHARITABLE CONTRIBUTIONS CERTIFICATION**

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Internal Revenue Service Employer Identification Number

\_\_\_\_\_  
California Registry of Charitable Trusts "CT" number (if applicable)

The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act which regulates those receiving and raising charitable contributions.

**Check the Certification below that is applicable to your company.**

- ☐ Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a County contract, it will timely comply with them and provide County a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed.

**OR**

- ☐ Proposer or Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and Title of Signer (please print)

### DMH Amendment Summary

LEGAL ENTITY NAME: \_\_\_\_\_

Contract No.: \_\_\_\_\_

Legal Entity No.: \_\_\_\_\_

Amendment No. \_\_\_\_\_

#### **LIST OF FUNDING SOURCES**

(Please check all applicable funding for Amendment only.)

1	CGF	
2	CGF - Psychiatric Emergency Services (PES)	
3	CGF - Flex Funds	
4	SAMHSA	
5	SAMHSA - Child Mental Health Initiative	
6	SAMHSA - Targeted Capacity Expansion	
7	PATH	
8	CalWORKs - Flex Fund	
9	CalWORKs - Mental Health Svcs. (MHS)	
10	CalWORKs - Community Outreach Svcs. (COS)	
11	CalWORKs - Homeless Families Project - Client Support Services	
12	CalWORKs - Homeless Families Project - MHS & Targeted Case Management	
13	CalWORKs - Homeless Families Project - COS	
14	GROW	
15	DCFS AB 1733/AB 2994	
16	DCFS Family Preservation	
17	DCFS Star View Life Support, PHF	

18	DCFS Independent Living	
19	DCFS STOP (70%)	
20	DCFS Provisional Funding Uses (PFU) for Medical Hubs	
21	DCFS Medical Hubs - Start Up Costs	
22	DCFS Joint Assessment program	
23	Schiff-Cardenas - M.H. Screening, Assessment, and Treatment (MHSAT)	
24	Schiff-Cardenas - Multi-Systemic therapy Program (MST)	
25	AB 34/AB 2034	
26	ADPA AB 34/AB 2034 Housing	
27	DHS HIV/AIDS	
	DHS Dual Diagnosis	
28		
29	SB 90/IDEA (AB 3632 - SEP)	
	Mental Health Services Act (MHSA) - Full Services Partnership	
30		
31	Mental Health Services Act (MHSA)	
32	Medi-Cal, Healthy Families, or MAA FFP	
33	SGF - EPSDT	

#### **FUNDING SOURCE(S)**

(Select from Funding Sources listed above for Amendment.)


(See Financial Summary(ies) for funding details to MCA.)

AMOUNT Increase	FISCAL YEAR	MCA

AMENDMENT ACTION(S):

BOARD ADOPTED DATE: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

New Headquarter's (HQ) Address: \_\_\_\_\_

HQ Sup. District: \_\_\_\_\_

Service Area(s): \_\_\_\_\_

ADD OR DELETE SERVICE SITE(S):

Name	Address	Sup. Dist.	Svc. Area(s)	Prov. No.



1600 9th Street, Sacramento, CA 95814  
(916) 654-2309

January 25, 2006

DMH INFORMATION NOTICE NO.: 05-11

TO: LOCAL MENTAL HEALTH DIRECTORS  
LOCAL MENTAL HEALTH PROGRAM CHIEFS  
LOCAL MENTAL HEALTH ADMINISTRATORS  
COUNTY ADMINISTRATIVE OFFICERS  
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: MEDI-CAL FREESTANDING NURSING FACILITY LEVEL-B  
RATES FOR FISCAL YEAR 2004/05

REFERENCE DMH INFORMATION NOTICE NO.: 03-04

**Background**

Assembly Bill (AB) 1629, Chapter 875, Statutes of 2004, created a new system that allowed the State to receive more federal Medicaid dollars to help fund a system with improved quality of care. The problem created by passage of this bill is that it put into affect a Medi-Cal rate increase in FY 2004-05 that county mental health departments would be required to pay to Medi-Cal Freestanding Nursing Facilities Level-B (NF-B) that, in addition, are Institutions for Mental Diseases (IMDs). *Note: These facilities may also be known as Skilled Nursing Facility/IMDs (SNF/IMDs).* Since residents under age 65 who are residing in NF/IMDs are not eligible for Medicaid funding like residents in other NFs, the new rate increases for these individuals would be the sole responsibility of county mental health departments.

Since this legislation would have had a significant fiscal impact on county mental health departments, AB 360 (introduced by Frommer) was passed into law (Chapter 508, Statutes of 2005) to mitigate the unintended consequences resulting from AB 1629. This bill, sponsored by the California Mental Health Director's Association (CMHDA), was drafted to meet the requirements of the Governor's signing message that included an expectation that the sponsors of the bill would work with the county mental health directors to pass clean-up legislation addressing Medi-Cal rates and NF/IMDs.

As a result, AB 360 amends Section 5912 of the Welfare and Institutions Code mandating that rates for NF/IMDs will be the same as the Medi-Cal rates in effect on July 31, 2004. The bill also states that "Effective July 1, 2005, through June 30, 2008,

the reimbursement rate for IMDs shall increase by 6.5 percent annually. Effective July 1, 2008, the reimbursement rate for IMDs shall increase by 4.7 percent annually."

**Rates Effective July 1, 2004:**

The Department of Health Services (DHS) has provided the Medi-Cal per diem rate for NF Level-B facilities effective July 31, 2004, as follows:

*Please note that any questions related to the use of accommodation codes or information included in the table below should be directed to DHS Medi-Cal Policy Division, Rate Development Branch at (916) 552-9600.*

**Freestanding NF Level-B Per Diem Rates effective July 31, 2004:**

Accom. Codes	TOTAL BEDS 1-59				TOTAL BEDS 60+		
	S.F.Bay Area Counties *	Los Angeles County	All Other Counties		S.F.Bay Area Counties *	Los Angeles County	All Other Counties
01	132.57	107.06	115.19		139.34	107.20	119.60
02	127.52	102.01	110.14		134.29	102.15	114.55
03	127.52	102.01	110.14		134.29	102.15	114.55

\* San Francisco Bay Area counties: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Napa and Sonoma.

**Calculating the new rated required as of July 1, 2005:**

The rates shown above do **not** include the annual percentage increases that are required beginning July 1, 2005, nor do they include the Special Treatment Program (STP) patch that remains at \$5.72 per client /per day. Please note that the rate reduction for Leave of Absence and Bed Hold for acute hospitalization is \$5.18 per diem.

In order to calculate the allowable rate effective July 1, 2005, the rate shown in the table above must be multiplied by 6.5 percent to arrive at the additional amount that is then added to that rate. This calculation must occur before any STP patch is added.

For example:

Counties using the rate of \$132.57 would multiply that rate by 6.5 percent to arrive at a total of \$141.19. If an STP patch is also applicable, \$5.72 would then be added to arrive at a final rate of \$146.91.

The following table provides an example of rate calculations effective July 1, 2005 as provided under AB 360:

Number of Beds	Area	Rate Effective July 31, 2004 (AB 360 Base Rate)	Allowable Rate Increase of 6.5% Effective July 1, 2005	Patch	Rate with Patch July 1, 2005
1 to 59	Los Angeles	\$107.06	\$114.02	\$5.72	\$119.74
1 to 59	Bay Area	\$132.57	\$141.19	\$5.72	\$146.91
1 to 59	All Other	\$115.19	\$122.68	\$5.72	\$128.40
60+	Los Angeles	\$107.20	\$114.17	\$5.72	\$119.89
60+	Bay Area	\$139.34	\$148.40	\$5.72	\$154.12
60+	All Other	\$119.60	\$127.37	\$5.72	\$133.09

Please be advised that DMH will no longer provide the Medi-Cal NF rates via an Information Notice. In the future, rates may be accessed on the DHS website at: [www.medi-cal.ca.gov](http://www.medi-cal.ca.gov)

Should you have any questions regarding this matter, please contact Dr. Ruben Lozano, Acting Chief, Licensing and Certification at (916) 654 2396.

Sincerely,

Original signed by:

STEPHEN W. MAYBERG, Ph.D.  
Director